

## OUTLINE FOR IN-DEPTH PROCESS:

### “KEYARENA FOR THE NEXT 50”

*How the KeyArena facility and business model can be modified to keep it a financially successful part of Seattle Center*

#### Challenge:

Whether a new NBA/NHL arena is built in Seattle, Bellevue or elsewhere in the region, the resulting competition may require KeyArena’s current business model and physical characteristics to change substantially to keep it a financially successful part of Seattle Center’s future.

#### Approach:

An in-depth study is needed to review and make recommendations on ways that KeyArena and its business model can be modified to keep it successful. It is recommended that this in-depth process have the following components and timeframe:

- **Advisory body:** The process should be undertaken by the Seattle Center Advisory Commission (SCAC), the official Seattle Center citizen advisory panel appointed by the Mayor and confirmed by City Council. This advisory group has extensive expertise about Seattle Center’s mission and business, and its members have experience with past relevant studies at Seattle Center including the Century 21 Master Planning process and the 2005-06 KeyArena Subcommittee process.
- **Timeline:** Based on experience with the 2005-06 KeyArena Subcommittee research and decision-making process, it is recommended that this new “KeyArena for the Next 50” process unfold over 10-12 months, including staff and consultant research and other background work that may be needed prior to the SCAC beginning its work.
- **Areas for review / research:** The “KeyArena for the Next 50” process is recommended to include these areas of focus and sources of information for the SCAC:
  - Define what success would look like for a new KeyArena business model, as the measurement against which to evaluate the SCAC’s eventual recommendations – including degree of financial success for KeyArena itself as well as for Seattle Center as a whole, plus any intangible success factors.
  - Review current and past KeyArena studies for relevant information, including:
    - KeyArena 5-Year Business Plan (2011)
    - Seattle Center Century 21 Master Plan (2008)
    - KeyArena SubCommittee Final Report and Recommendations, and supporting materials (2005-06)
    - Various past architectural studies of capital improvement options for KeyArena (2004-2009)

- Study the interrelationships between KeyArena and Seattle Center as a whole, to fully understand the impact of KeyArena to Seattle Center's overall success.
- Investigate what the business model of the new arena will be, including:
  - The opportunity for the SCAC to meet with the new arena ownership group to discuss their business vision for the new arena as well as their ideas for KeyArena.
  - KeyArena may be used as a temporary NBA/NHL arena while the new arena is built; consider the short and long term impacts on KeyArena's business from that use.
- Commission a study of the Seattle metropolitan market including:
  - Possible market niche(s) for KeyArena to develop new entertainment business, to replace anticipated lost business if a new arena is built.
  - Commission research from independent consultants on present-day successful business models for secondary arenas in other NBA and/or NHL markets, to include economic performance, physical characteristics, event mix, and funding history -- as well as any models where the arena has been completely repurposed.
  - If needed, commission additional architectural studies to help identify investments / capital improvement options that would best position KeyArena to stay profitable.
- Consult with a variety of stakeholders including:
  - Resident sports tenants WNBA Seattle Storm, Seattle University Men's Basketball, and Rat City Rollergirls
  - Local and national concert and entertainment promoters – both current KeyArena clients, and those who aren't yet doing business at KeyArena
  - KeyArena business partners including AEG Facilities and Levy Restaurants
  - KeyArena and Seattle Center staff
  - Seattle Center Resident Organizations
  - Surrounding Neighbors
  - Local and regional business and governmental stakeholders such as Convention and Visitors Bureau, Seattle Sports Commission, Downtown Seattle Association, Seattle Metropolitan Chamber of Commerce, Queen Ann Chamber of Commerce, South Lake Union Chamber of Commerce, Seattle Office of Economic Development

- Model alternate management approaches for KeyArena to address questions such as: should the City continue to operate it? Are there partnership possibilities with the new arena? If not for entertainment purposes, how else could/should KeyArena be repurposed to meet Seattle Center, City and resident needs?
- If renovations or capital improvements are recommended for KeyArena to ensure a successful new business model, also consider a variety of public and private funding mechanisms to support that investment.
- **Final reports and recommendations:** At the end of the 10-12 month period, the SCAC would deliver to the Mayor, City Council and Seattle Center Director a final report and recommendations for investments and business model changes to ensure a successful future for KeyArena and Seattle Center, if a new major league sports and entertainment arena is built in the Seattle metropolitan area.